

COMMITTEE ON GOVERNMENT REFORM
CONGRESSMAN TOM DAVIS, CHAIRMAN



NEWS RELEASE

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Contact: David Marin/Scott Kopple
(202) 225-5074

Government Reform Committee Approves
Federal Property Reform Legislation
Bill Improves Property Management, Could Save Billions

Washington, DC – The House Government Reform Committee today approved H.R. 2548, the Federal Property Asset Management Reform Act of 2003, landmark legislation introduced by Rep. Pete Sessions (R-TX) and Committee Chairman Tom Davis (R-VA). The Act is the most sweeping attempt at effective federal property management reform in 50 years and provides the federal government with management tools, such as public-private partnerships, to help it effectively manage its vast portfolio.

“This legislation will stem the tide of deterioration of federal buildings and the subsequent waste of taxpayer dollars. We can't just throw more money at the problem. We also have to give federal agencies new incentives to dispose of unneeded properties and extend their authority to enter into partnerships with the private sector,” said Davis.

Federal agencies currently control more than 3.2 billion square feet of real property assets valued at roughly \$328 billion, much of it owned and maintained by the General Services Administration (GSA). Many federal buildings are functionally obsolete and environmentally unhealthy. Many cannot support 21st century technology and are in various stages of deterioration. GSA estimates that upkeep of unused government property costs the taxpayers \$4 billion each year.

Under current law, the federal government faces severe restrictions from leasing any of this unused surplus property to the private sector. Furthermore, agencies lack the necessary incentives to sell these types of property to the private sector.

The Federal Property Asset Management Reform Act of 2003 reforms the 50-year-old property law that currently oversees the government's real property inventories. It will set the Federal government on the right course.

The bill requires the General Services Administration to create an accurate and updated inventory of all Federal real property. It amends current law to provide Federal agencies with the critical management tools required to pursue comprehensive property

management reform government-wide. Federal agencies will be able to employ some private sector practices so they can operate in a modern and business-like manner.

Life cycle planning and management initiatives are required, including real and personal property asset management principles and performance measurements. Each federal landholding agency will be required to appoint a Real Property Officer to ensure that assets meet the agency's strategic objectives and oversee the development of asset management plans.

Federal landholding agencies will have with several new ways to maximize their real property assets. They can exchange or sell property with other Federal agencies or non-Federal entities in order to acquire replacement property better suited for mission purposes. And they can sublease unexpired portions of government-leased properties, and outlease underutilized property.

Agencies also can partner with the private sector for the redevelopment or improvement of selected properties. Agencies are provided incentives to encourage them to pursue a vigorous overhaul of their property management practices. For example, they can retain most of the proceeds from dispositions of real property and apply them to their capital asset needs. And, proceeds from surplus personal property sales may be used to offset the direct and indirect costs associated with the disposal.

"With passage of this legislation, we're saying it's time for Congress to expand GSA's property management authorities so it can effectively administer its valuable property portfolio using established best practices," Davis said. "The new authorities in this bill are cost effective tools that will permit the Federal government to save money in the long-term. Outleasing authorities, for example, could transform vacant properties into income-generating real estate.

"This reform legislation has a simple goal: Give agencies the freedom to effectively manage their property assets, and in turn liberate taxpayers from the waste and excess currently plaguing government property management."

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